

With outburst, Musk puts X's survival in the balance

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Even after Elon Musk gutted the staff by two-thirds, X, formerly Twitter, still has around 2,000 employees, and incurs substantial fixed costs like data servers and real estate.

Elon Musk's verbal assault on advertisers who have shunned X (formerly

Twitter) threatens to sink the social network further, with the tycoon warning of the platform's demise, just one year after taking control.

"If somebody's gonna try to blackmail me with advertising, go fuck yourself," a visibly furious Musk told an interviewer in New York in front of an audience of the US business elite this week.

Musk was lashing out at the advertisers who had abandoned his platform after Media Matters, a left-wing media watchdog group, warned [big companies](#) that their ads were running aside posts by neo-Nazis.

Walmart on Friday was the latest to join the exodus, following the footsteps of IBM, Disney, Paramount, NBCUniversal, Lionsgate and others.

The latest controversy broke earlier this month when Musk declared a tweet exposing an anti-Semitic conspiracy theory as the "absolute truth."

Musk apologized for his tweet, even taking a trip to Israel to meet with Prime Minister Benjamin Netanyahu, but on Wednesday he targeted his anger squarely at advertisers.

"It doesn't take a social media expert to know that publicly and personally attacking the people in companies that pay X's bills is not going to be good for business," said analyst Jasmine Enberg of Insider Intelligence.

"Most [advertiser](#) boycotts on [social media companies](#), including X, have been short lived. There's a potential for this one to be longer," she added.

Musk said the survival of X could be at stake.

"What this advertising boycott is going to do is kill the [company](#)," Musk said.

"Everybody will know" that advertisers were those responsible, he angrily added.

Bankruptcy looms?

Even before the latest bust up, Insider Intelligence was forecasting a 54-percent contraction in ad sales, to \$1.9 billion this year.

"The advertising exodus at X could accelerate with Musk not playing nice in the sandbox," said Dan Ives of Wedbush Securities.

According to data provided to AFP by market data analysis company SensorTower, as many as half of the social network's top 100 US advertisers in October 2022 have already stopped spending altogether.

But by dropping X, "you are opening yourself up for competitors to step into your territory," warned Kellis Landrum, co-founder of digital marketing agency True North Social.

Advertisers may also choose to stay for lack of an equivalent alternative.

Meta's new Threads platform and other upstarts have yet to prove worthy adversaries for the time being, Landrum argued.

Analyst Enberg insisted that "X is not an essential platform for many advertisers, so withdrawing temporarily tends to be a pretty painless decision."

Privately held, X does not release official figures, but all estimates point to a significant drop in the number of users.

SensorTower puts the annual fall at 45 percent for monthly users at the start of the fourth quarter, compared with the same period last year.

Added to this is the disengagement of dozens of highly followed accounts, including [major brands](#) such as Coca-Cola, PepsiCo, JPMorgan Bank and Starbucks as well as many celebrities and media personalities that have stopped or reduced usage.

The corporate big names haven't posted any content for weeks, when they used to be an everyday presence.

None of the dozen or so companies contacted by AFP responded to requests for comments.

In normal conditions, Twitter or X "was always much larger than its ad dollars," said Enberg.

It was "an important place for brands and companies to connect with consumers and customers," she said.

Even after Musk gutted the staff by two-thirds, X still has around 2,000 employees, and incurs substantial fixed costs like data servers and real estate.

Another threat is the colossal debt contracted by Musk for his acquisition, but now carried by X, which must meet a payment of over a billion dollars each year.

In his tense interview on Wednesday, Musk hinted that he would not come to the rescue if the coffers run dry, even if he has ample means to do so.

"If the company fails... it will fail because of an advertiser boycott and

that will bankrupt the company," Musk said.

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